



BRIAN SANDOVAL
Governor

STATE OF NEVADA
PUBLIC UTILITIES COMMISSION

ALAINA BURTENSHAW
Chairman

REBECCA WAGNER
Commissioner

DAVID NORLE
Commissioner

STEPHANIE MULLEN
Executive Director

September 30, 2015

Marlene H. Dortch Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20510

*Re: Notice of Proposed Changes to 47 C.F.R. Part 32 Uniform System of Accounts, WC
Docket No. 14-130*

Dear Secretary Dortch:

On August 14, 2015, Deena Shetler, Associate Chief of the Wireline Competition Bureau, issued a letter inviting state commissions to present their views and recommendations regarding the above-noted Docket. Although the Public Utilities Commission of Nevada ("PUCN") recognizes that the formal pleading cycle in the Docket has closed, the PUCN appreciates the invitation to present this statement.

Nevada is a largely rural state, with six certificated, cost-based, rate-of-return regulated Small Scale Providers of Last Resort ("SSPLRs")¹ that range in size from 139 to 7,500 subscriber lines. These carriers are already familiar with, understand, and comply with the FCC's existing Part 32 accounting rules. Part 32 is also used as the basis for calculations of disbursements to carriers from the Nevada Universal Service Fund ("NUSF"). The PUCN is concerned that modifying Part 32 to accommodate price cap carriers by reducing financial reporting burdens will have the unintended consequence of undermining access to accounting information that is still relevant and useful for setting the rates of cost-based, rate-of-return regulated incumbent local exchange carriers at the state level, and for calculating disbursements to carriers from the NUSF.

Retention of the asset-related information (e.g., cost of removal) is necessary for state regulatory purposes, meaning that these SSPLRs will be required to continue to develop and maintain the information currently required by Part 32 in addition to the FCC's proposed new requirements, effectively increasing these carriers' financial record-keeping and reporting obligations. The PUCN understands and applauds the FCC's intention of lessening the burden on the large price cap carriers but believes that the revised requirements should only be applied to those entities. Therefore, the PUCN supports the removal of Part 32 requirements for price cap carriers, rather than modifying Part 32 to accommodate price cap carriers.

¹ Nevada Revised Statutes 704.023 defines a "small-scale provider of last resort" as "an incumbent local exchange carrier that is a provider of last resort of basic network service and business line service to customers through less than 60,000 access lines."

The PUCN offers the following views and recommendations regarding specific proposals identified in the Notice of Proposed Rulemaking ("NPRM"):

- Streamlining the Uniform System of Accounts (NPRM ¶12): The PUCN supports collapsing the distinction between Class A and Class B carriers as Nevada has no Class A SSPLRs.
- Asset Accounting (NPRM ¶16): Existing rules facilitate cost-based, rate-of-return regulation and allow state commissions to determine whether the benefits of the asset acquisition or merger justify recovery of the incremental acquisition costs.
- Depreciation (NPRM ¶19): Existing depreciation rules facilitate cost-based, rate-of-return ratemaking. Allowing accelerated depreciation would introduce uncertainty into the rate-setting process.
- Cost of Removal and Salvage (NPRM ¶21-22): Existing cost of removal and salvage rules facilitate cost-based, rate-of-return ratemaking (e.g., depreciation rates).
- Materiality (NPRM ¶25-26): The PUCN supports retaining the status quo. The PUCN believes that materiality is best determined on a case-by-case basis, with the Commission ultimately being the arbiter of materiality.
- Effect on Rate-of-Return Carriers (NPRM ¶30): As noted above, the PUCN supports removing Part 32 requirements for price cap carriers and retaining the Part 32 requirements for rate-of-return carriers.
- State Requirements (NPRM ¶51): The PUCN has adopted, by regulation, the FCC's Part 32. If changes are made at the federal level, with the State retaining its existing requirements, SSPLRs could face significant burdens in complying with the separate mandates.

Thank you for the opportunity to present these views and recommendations regarding the above-mentioned Docket. The PUCN appreciates your attention to this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Carolyn Tanner", written in a cursive style.

Carolyn Tanner
General Counsel
Public Utilities Commission of Nevada